

Message Text

CONFIDENTIAL

PAGE 01 KINGST 03840 201334Z
ACTION ARA-14

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R 191945Z JUL 77
FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 6308
INFO AMEMBASSY BRIDGETOWN
AMEMBASSY GEORGETOWN
AMEMBASSY NASSAU
AMEMBASSY PORT OF SPAIN

C O N F I D E N T I A L KINGSTON 3840

E. O. 11652: GDS
TAGS: EFIN JM
SUBJ: REACTION TO GOJ/IMF AGREEMENT

1. SUMMARY: THE JULY 12 ANNOUNCEMENT OF JAMAICA'S \$74 MILLION STANDBY FACILITY AGREEMENT WITH THE IMF HAS PRODUCED GENERALLY FAVORABLE, IF NOT ENTHUSIASTIC MEDIA AND OTHER RESPONSE. PRESS ACCOUNTS HAVE STRESSED THE IMPORTANCE OF IMF LOAN IN EASING JAMAICA'S ECONOMIC PLIGHT. EDITORIALS, ALTHOUGH WELCOMING THE AGREEMENT, HAVE CONCENTRATED ON THE FURTHER NEED FOR FOREIGN EXCHANGE AND THE SEVERE AUSTERITIES WHICH JAMAICA MUST STILL FACE. THE OPPOSITION JAMAICA LABOR PARTY (JLP) ISSUED A STATEMENT CRITICAL OF THE GOVERNMENT BUT STILL IN GENERAL APPROVAL OF THE IMF AGREEMENT. PNP RADICALS HAVE MAINTAINED SILENCE BUT HAVE INTIMATED A MEASURE OF DISSATISFACTION. END SUMMARY.

2. PRESS ACCOUNTS DESCRIBING THE IMF AGREEMENT HAVE BEEN FACTUAL AND, IN ONE CASE, OPTIMISTIC IN TONE. THE DAILY NEWS (JULY 13) REPORTED THAT THE AGREEMENT WILL
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KINGST 03840 201334Z

"EASE THE ECONOMIC PLIGHT". HOWEVER, A DAILY GLEANER EDITORIAL JULY 14 INDICATED THAT THERE WOULD BE "DISAPPOINTMENT THAT THE IMF HAD BEEN UNABLE TO LEND ENOUGH MONEY TO ALLOW IMPORTS TO REACH \$200 MILLION (SIC) THIS YEAR." THE GLEANER EDITORIAL CALLED ON THE GOVERNMENT TO ANNOUNCE THE STATUS OF OTHER FOREIGN EXCHANGE NEGOTIATIONS.

3. COLUMNIST BOB ANDRES, WRITING IN THE DAILY NEWS JULY 17, EXPRESSED DISSAPPOINTMENT THAT THE GOVERNMENT HAD BEEN UNABLE TO SECURE THE "EXPECTED \$160 MILLION" FROM THE IMF. HE EXPRESSED DOUBT AS TO THE GOVERNMENT'S ABILITY TO OBTAIN LOANS OF \$190 MILLION ON THE EXISTING WORLD MARKET AT THIS TIME. HE ALSO CAST DOUBT ON THE GOVERNMENT'S ABILITY TO SERVICE A DEBT OF THIS SIZE. WILMOT PERKINS, IN THE GLEANER JULY 17, DESCRIBED PORTIONS OF MANLEY'S ANNOUNCEMENT SPEECH AS "BLARNEY", POINTING OUT DISCREPANCIES IN MANLEY'S CLAIM THAT THE GOVERNMENT HAD NOT SACRIFICED ANY PRINCIPLES IN ITS NEGOTIATIONS WITH THE IMF. HARRIS DIAS, IN THE GLEANER JULY 19, EXPRESSED HOPE THAT IMF MONEY COULD BE USED TO INCREASE EMPLOYMENT.

4. THE PRIVATE SECTOR ORGANIZATION, (PSOJ), THE JAMAICA MANUFACTURERS ASSOCIATION (JMA) AND THE CONSUMER'S LEAGUE ALL ISSUED STATEMENTS EXPRESSING APPROVAL OF THE AGREEMENT. THE PSOJ DESCRIBED THE AGREEMENT AS "ENCOURAGING" AND EXPRESSED PARTICULAR SATISFACTION WITH THE PROVISION CALLING FOR AN ELIMINATION OF THE ARREARS IN TRADE PAYMENTS. THE JMA EXPRESSED "RELIEF" AND A HOPE FOR QUICK AND CLEAR ADMINISTRATIVE PROCEDURES ON IMPORTS.

CONFIDENTIAL

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PAGE 03 KINGST 03840 201334Z

5. THE OPPOSITION JAMAICA LABOR PARTY ECONOMIC SPOKESMAN, BASIL BUCK, ISSUED A STATEMENT JULY 15 DESCRIBING THE IMF AGREEMENT AS A "SMALL STEP IN THE DIRECTION OF CONTROLLING THE RAPID COLLAPSE OF THE ECONOMY." HOWEVER, HE ALSO ADDED THAT THE AGREEMENT "CONDEMNED THE UNEMPLOYED TO A FUTURE OF NON-EMPLOYMENT."

6. TO DATE, THE MORE RADICAL MEMBERS OF THE RULING PEOPLE'S NATIONAL PARTY HAVE NOT SPOKEN OUT DIRECTLY ON THE IMF AGREEMENT. THE RADICALS HAD BEEN IN THE VANGUARD OF CRITICISM AGAINST THE IMF EARLIER THIS YEAR. HOWEVER, SOME RADIO AND TELEVISION COMMENTATORS AND THE MINISTER OF YOUTH, HUGH SMALL, HAVE INTIMATED THEIR DISAPPROVAL OF THE IMF AGREEMENT BY THINLY VEILED REFERENCES TO THE "CONTINUING IMPERIALIST DOMINATION OF THE ECONOMY" AND BY CONTRASTING THE CURRENT IMF AGREEMENT WITH THE ANTI-IMF PRONOUNCEMENTS OF THE PRIME MINISTER IN JANUARY. IRVING

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